



## *Report to the Auburn City Council*

Action Item

Agenda Item No.

City Manager's Approval

**To:** Honorable Mayor and City Council Members  
**From:** Donna Silva, City Treasurer  
Nita Wracker, Finance Director  
**Date:** May 22, 2017  
**Subject:** Quarterly Report of Investments – Quarter Ending March 31, 2017

### **The Issue**

The City Council is required by state law and the City of Auburn's Investment Policy to receive and review a Quarterly Investment Report.

### **Recommended Action Requested**

Receive, review and file the "*City of Auburn Quarterly Investment Report*" for the quarter ending March 31, 2017.

### **Background**

The purpose of the treasurer's report is to update the Board and the public on the status of the City's cash balances and investments, and highlight material changes from one period to another. The scope of this report covers the third quarter of fiscal year 2016-2017, ending March 31, 2017.

The City's investment objectives are established by the City Council approved Investment Policy. The Investment Policy is guided and constrained by the California Government Code. The City Council periodically reviews and adjusts the Investment Policy to ensure ongoing compliance with the government code and to maximize investment flexibility as permitted. The current Investment Policy has the following objectives for the portfolio:

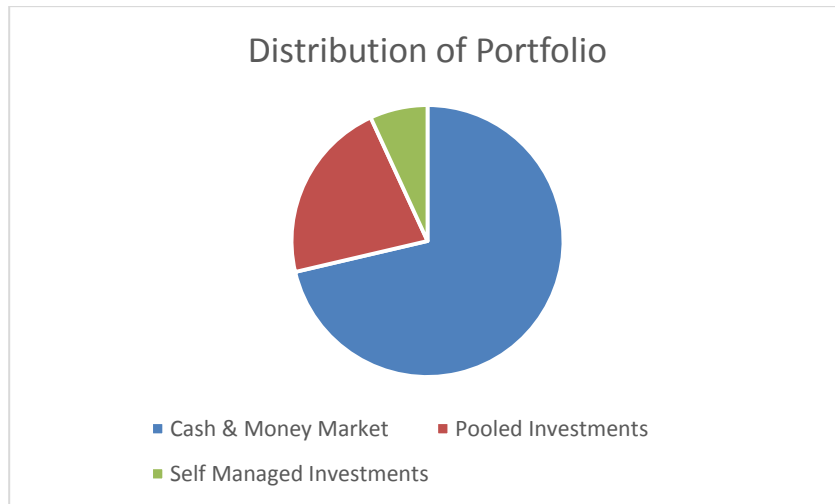
1. Safety
2. Liquidity
3. Yield

Attached is the quarterly Treasurer's Report for the three months ended March 31, 2017.

At December 31, 2016, the end of the previous quarter, the value of the City's total portfolio was \$7.88 million. Since that time, the value of the City's portfolio increased by \$3.1 million for an ending balance of \$11 million as of March 31, 2017. The

increased balance is due to the receipt of property tax revenues from the County. The funds are currently held as follows:

|                                     |                 |
|-------------------------------------|-----------------|
| Cash at Banking Institutions        | \$ 7,871,865.51 |
| Placer County Investment Pool       | \$ 2,361,531.44 |
| Short-Term Investments              | \$ 757,502.50   |
| Local Agency Investment Fund (LAIF) | \$ 42,949.98    |



The portfolio is heavily concentrated in cash and money markets accounts. On April 25, 2017 a transfer of \$1,000,000 was made out of the general checking account to the Placer County Investment Pool. The Placer County Investment Pool was earning 1.41% at the end of the quarter and cash in demand deposits accounts earn no interest. An additional \$1,000,000 transfer is planned. In order to efficiently maximize yields, the City Finance Director and Treasurer will continue to analyze cash flow needs to determine when additional transfers can be made into the Placer County investment pool, without risking a funding shortfall in the general checking account.

**Fiscal Impact**

None. All investments held at March 3, 2017 conform to the City's Investment Policy and the State of California Government Code.

City of Auburn  
Treasurer's Report  
March 31, 2017

|  | Yield % | Par Value            | Cost                 | December 31, 2016<br>Market Value | Current Market<br>Value | Maturity Date     | Change                 |
|--|---------|----------------------|----------------------|-----------------------------------|-------------------------|-------------------|------------------------|
| <b>CASH &amp; DEMAND DEPOSITS:</b>             |         |                      |                      |                                   |                         |                   |                        |
| Wells Fargo - Commercial Checking              |         |                      |                      | \$ 4,425,355.57                   | \$ 7,202,233.49         | na                | \$ 2,776,877.92        |
| Wells Fargo - Payroll Checking                 |         |                      |                      | \$ 263,200.30                     | \$ 205,254.57           | na                | \$ (57,945.73)         |
| Wells Fargo - Aviation Fuel Account            |         |                      |                      | \$ 8,015.83                       | \$ -                    | na                | \$ (8,015.83)          |
| Wells Fargo - CDBG                             |         |                      |                      | \$ -                              | \$ 370,421.09           |                   |                        |
| Wells Fargo - Preserve Project                 |         |                      |                      | \$ 16,041.34                      | \$ 16,041.34            | na                | \$ -                   |
| Hilltop Securities - Money Market              | 0.05%   |                      |                      | \$ 14,710.33                      | \$ 14,712.26            | na                | \$ 1.93                |
| Bank of America - Recology                     |         |                      |                      |                                   | \$ 63,202.76            |                   |                        |
| <b>TOTAL CASH &amp; DEMAND DEPOSITS</b>        |         |                      |                      | <b>\$ 4,727,323.37</b>            | <b>\$ 7,871,865.51</b>  |                   | <b>\$ 2,710,918.29</b> |
| <b>POOLED INVESTMENTS</b>                      |         |                      |                      |                                   |                         |                   |                        |
| Local Agency Investment Fund (LAIF)            | 0.821%  |                      |                      | \$ 42,876.95                      | \$ 42,949.98            | na                | \$ 73.03               |
| Placer County Investment Pool                  | 1.414%  |                      |                      | 2,353,261.59                      | 2,361,531.44            | na                | \$ 8,269.85            |
| <b>TOTAL POOLED INVESTMENTS</b>                |         |                      |                      | <b>\$ 2,396,138.54</b>            | <b>\$ 2,404,481.42</b>  |                   | <b>\$ 8,342.88</b>     |
| <b>SHORT-TERM INVESTMENTS</b>                  |         |                      |                      |                                   |                         |                   |                        |
| <i>Federal Agency Bonds/Notes:</i>             |         |                      |                      |                                   |                         |                   |                        |
| Federal Home Loan Banks                        | 1.10%   | 500,000.00           | 500,000.00           | 498,775.00                        | 499,440.00              | 2/20/2018         | \$ 665.00              |
| <i>Corporate Bonds:</i>                        |         |                      |                      |                                   |                         |                   |                        |
| Mnlehman Brothers HLRR <sup>1</sup>            | 0.000%  | 71,656.54            | 73,305.11            | 7,375.00                          | 8,062.50                | 2012 <sup>1</sup> | \$ 687.50              |
| <i>Certificate of Deposit:</i>                 |         |                      |                      |                                   |                         |                   |                        |
| Community Bank                                 | 0.30%   | 250,000.00           | 250,000.00           | 250,000.00                        | 250,000.00              | 10/16/2017        | \$ -                   |
| <b>TOTAL SHORT TERM and POOLED INVESTMENTS</b> |         | <b>\$ 821,656.54</b> | <b>\$ 823,305.11</b> | <b>\$ 756,150.00</b>              | <b>\$ 757,502.50</b>    |                   | <b>\$ 1,352.50</b>     |
| <b>TOTAL CASH &amp; INVESTMENTS</b>            |         |                      |                      | <b>\$ 7,879,611.91</b>            | <b>\$ 11,033,849.43</b> |                   | <b>\$ 3,154,237.52</b> |

Restricted Bond Funds Excluded from report

<sup>1</sup> Lehman Brothers entered Chapter 11 bankruptcy proceedings in September 2008. This corporate bond matured in 2012 but redemption is constrained by the bankruptcy plan. The City receives periodic principal repayments on this bond. To date, 12 distributions have been received. The original par value of the bond was \$125,000. As a result of the distributions, the current par value is \$71,656.64.